

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 6092
BILL NUMBER: HB 1032

DATE PREPARED: Nov 1, 2000
BILL AMENDED:

SUBJECT: Tax credits for hiring minority youth.

FISCAL ANALYST: Brian Tabor
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FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State

STATE IMPACT	FY 2001	FY 2002	FY 2003
State Revenues			(1,000,000)
State Expenditures			
Net Increase (Decrease)			(1,000,000)

Summary of Legislation: This bill entitles a taxpayer who employs a minority youth to a tax credit equal to 25% of the wages paid to the minority youth or \$500, whichever is less. It provides that the maximum amount of total credits allowed to all taxpayers in a state fiscal year is \$1,000,000.

Effective Date: January 1, 2002.

Explanation of State Expenditures: A taxpayer must file an application with the Indiana Department of State Revenue (DOR) to receive the tax credit. Any additional expenditures for staff, printing costs and computer changes related to this proposal can be absorbed given the DOR's existing budget.

Explanation of State Revenues: The tax credit would equal the lesser of 25% of a youth's yearly wages or \$500 per youth. The aggregate amount of tax credits awarded may not exceed \$1 million each fiscal year. Because the credit applies to taxable years beginning January 1, 2002, this proposal would impact state revenues beginning in FY 2003. A taxpayer may carry forward unused tax credits (the amount which exceeds current tax liability), but no carry-backs or refunds are permitted.

Based on US Census projections, there were approximately 50,000 Indiana minority youths between 16 and 20 years old in 2000. It is not known how many are currently employed or how many reside in households

earning less than \$20,000 annually. If the maximum \$500 credit is claimed for each eligible employee, this proposal could provide an incentive for the employment of 2,000 youths.

Revenue from the Gross Income Tax, Adjusted Gross Income (AGI) Tax, Supplemental Net Income Tax, the Financial Institutions Tax and the Insurance Premium Tax is deposited in the General Fund and a portion of the AGI Tax is deposited in the Property Tax Replacement Fund.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Indiana Department of Revenue.

Local Agencies Affected:

Information Sources: US Census Bureau, State Population Projections: 1995 to 2000.